



## News Release

For Immediate Release

Contact: Joe DiLaura 317/232-3396

Robert Shula 317/234-0263

### **State to Switch to Cards for Unemployment Compensation, Child Support**

*-Convenience to Recipients and Cost Savings Cited in Move-*

INDIANAPOLIS (December 5, 2005) -- The state of Indiana will soon pay unemployment compensation and child support payments to recipients through the use of prepaid MasterCard or Visa branded cards, officials announced today.

A Request for Proposal (RFP) informational meeting is scheduled for today (Monday, December 5) with potential vendors of the new plan. The Indiana Department of Workforce Development (IDWD) is soliciting proposals from vendors on behalf of its unemployment insurance program, and on behalf of the Department of Child Services for child support payments and other programs.

According to a recent study by the American Bankers Association, credit and debit cards have surpassed cash as the most popular way to buy items at the checkout line. One out of three purchases are now made with debit cards, compared with one in five purchases four years ago.

"This is a win-win situation for recipients of unemployment benefits as well as taxpayers," said Ron Stiver, Commissioner of the Indiana Department of Workforce Development. "Recipients will be able to receive benefits in a more timely manner, easily cash their benefits, avoid outrageous check-cashing fees, spend their funds just as they would a regular debit card, or deposit their funds into their savings and/or checking accounts. In addition, there are significant cost savings to the plan as well."

Indiana is the first state that will move exclusively to the prepaid card system for its unemployment benefits – a change that will save the IDWD an estimated \$1.8 million per year at a minimum. The savings will be realized in postage (\$1.1 million) and administrative support (\$700,000). Under the new system, the vendor chosen by the state will issue the cards directly to the recipients.

Stiver said the RFP requires that unemployment insurance recipients receiving their cards be allowed at least one free transaction per week to access all or part of their funds. In addition to the one free transaction, recipients will be able to spend their payments at any retail outlet that accepts Visa or MasterCard at no cost," Stiver said.

The RFP requires that banks and other financial institutions bidding for the state contract have an extensive ATM system in Indiana, and will not be allowed to charge the state for transaction-processing or card-issuance fees. The cards will carry either the MasterCard or Visa brand for point of sale purchases, depending on the vendor selected by the state.

In 2004, 263,548 individuals or claimants received 3.3 million payments totaling \$723 million under the unemployment insurance program, according to the Indiana Department of Workforce Development. The estimated average per claimant per week in 2004 was about \$267.

The timetable for the new plan calls for implementation in the Spring of 2006. The winning vendor will also be required to develop an extensive education and awareness plan to help make recipients aware of the changes. Stiver said the Department will also promote the new plan through its public information and marketing programs.

Other state agencies are also looking into converting some or all of their payment distribution programs to a debit card-based system, and debit cards are becoming more prevalent in government programs throughout the country.

The Indiana Department of Workforce Development is charged with continually improving the Hoosier workforce by assisting companies to create new jobs and improve worker skills. The agency offers a variety of training and educational grants, partners with Indiana's 27 WorkOne employment centers, administers the unemployment insurance system, provides labor market information, assists employers with preparing workers for layoffs and closures and operates a statewide job placement service. For more information visit the DWD website at [www.workforce.IN.gov](http://www.workforce.IN.gov).